

CONFIDENTIAL

Approved For Release 2000/08/28 : CIA-RDP78-04718A000500080010-9

Document No. <u>7</u>
No Change in Class. <input type="checkbox"/>
<input type="checkbox"/> Declassified
Class. Changed To: TS <u>@</u>
Auth.: HR 70-2
Date: <u>17 Nov 78</u> By: <u>016</u>

~~SECRET~~

067m-7
AD/ORE
1-225
419610

28 APR 1950

MEMORANDUM TO: DIRECTOR OF CENTRAL INTELLIGENCE

FROM: Assistant Director, ORE

SUBJECT: Withdrawal from Bureau of Mines, Department of the Interior of CIA Financial Support for Preparation of NIS Subsection 62C (Petroleum) beginning FY 1951.

REFERENCE: (a) Letter from [REDACTED] to DCI, same subject, dated 26 April 1950. 25X1A
(b) Aide Memoire for DCI, same subject, dated 16 January 1950.
(c) Correspondence between Secretary of the Interior and DCI, same subject, dated 10 November 1949, 20 January 1950, and 3 February 1950.

1. Reference (a) sets forth views which are substantially those expressed by the Secretary of the Interior in his letter of 10 November 1949. In the main, they oppose the transfer of responsibility for the production of NIS Subsection 62C (Petroleum) from the Bureau of Mines to the Munitions Board Petroleum Committee because:

a the long experience and the acknowledged competence of the Bureau of Mines in petroleum matters makes it the most appropriate agency to produce this intelligence, and

b the transfer of this production responsibility would create unnecessary duplication of effort within the Government.

2. The steps leading up to the transfer of this production responsibility are contained in reference (b), which forms the basis of the reply sent to the Secretary of the Interior on 20 January 1950. The above-mentioned views are dealt with in this reply by showing

a that while the Bureau of Mines has primary concern with, and unique competence in, domestic petroleum matters, this concern and competence does not extend into the field of foreign petroleum intelligence, responsibility for which is specifically charged to the Munitions Board Petroleum Committee, and

b that the transfer of production responsibility and related financial support by CIA is to be executed by a

CONFIDENTIAL

Approved For Release 2000/08/28 : ~~SECRET~~ 04718A000500080010-9

CONFIDENTIAL

Approved For Release 2000/08/28 : CIA-RDP78-04718A000500080010-9

SECRET

corresponding withdrawal of support from the Bureau of Mines to eliminate duplication and to avoid any increase in the financial support.

3. In view of the political implications which have been injected into this situation, and because of the undoubted correctness of the Director's position as supported unanimously by the Chiefs of Intelligence of the Departments of State, Army, Navy, and Air Force, it is the opinion of this Office that any further discussion of this matter should be along the following lines:

a The Director is charged by the NSC with ensuring that the allocation of NIS production responsibilities are made to those agencies of the Government which are best qualified by reason of their intelligence requirements, production capabilities, and dominant interest.

b In absence of any intelligence agency with those capabilities, the NIS production responsibilities for foreign petroleum intelligence were allocated to the Bureau of Mines. However, the Bureau was not prepared to fulfill this commitment without creating a new staff which was entirely supported by CIA funds.

c This situation was materially affected by the establishment of the Munitions Board Petroleum Committee. The Secretary of Defense directed this Committee to perform functions in the field of foreign petroleum intelligence which would fully satisfy NIS requirements.

d To have continued the allocation of production responsibilities with the Bureau of Mines after the establishment of the Munitions Board Petroleum Committee would have resulted in two agencies of the Government engaging in similar activities. Therefore, the Director of Central Intelligence, on the unanimous recommendations of the Chiefs of Intelligence of the Departments of State, Army, Navy, and Air Force, took steps to remove this serious and unnecessary duplication of activities by reallocating the production responsibility to the new agency of the Government specifically authorized and directed to engage in foreign petroleum intelligence.

e The further question, as to whether the Munitions Board Petroleum Committee or the Bureau of Mines should have primary responsibility in the field of foreign

CONFIDENTIAL

Approved For Release 2000/08/28 : CIA-RDP78-04718A000500080010-9

SECRET

CONFIDENTIAL

Approved For Release 2000/08/28 : CIA-RDP78-04718A000500080010-9

~~SECRET~~

petroleum matters relating to the national security, requires a policy decision which transcends the responsibilities of the Director of Central Intelligence.

25X1A

for  THEODORE BABBITT

25X1A
ORE:D/NIS  :btc

cc: Acting Executive ✓
AD/ORE (2)
D/NIS

CONFIDENTIAL

~~SECRET~~

Approved For Release 2000/08/28 : CIA-RDP78-04718A000500080010-9